GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:3058
ANSWERED ON:16.03.2001
CREDIT TO TEA INDUSTRY
AMBATI BRAHMANAIAH

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

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(a) whether tea plantations have sought credit from the Tea Board; (

(b) if so, the details thereof alongwith the reaction of the Tea Board; (

(c) whether any tie-up has been made with any financial institutions for easy credit in sufficient volume for the Indian tea industry; (

(d) if so, the details thereof; and (

(e) the time by which this scheme came into effect?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI OMAR ABDULLAH)

(a) & (b) : The Tea Board has been extending financial support to the tea industry by way of long term loan, subsidy and grant in aid for the various developmental activities including R&D for which the tea industry applies to the Tea Board. However, due to decline in prices of tea at the auctions in South India there was a demand from the small growers of tea to provide subsidy to compensate for the low prices. Government / Tea Board implemented a Price Subsidy Scheme under which subsidy is provided to the small growers of tea (holding upto 10.12 hectares of tea plantation) for an amount equal to the shortfall between the auction price and Rs.55 perkg subject to a maximum of Rs.8 per kg. So far the scheme has entailed a liability of Rs.17 crores to the Government.

(c) to (e): No tie up arrangement is necessary as the credit facilities are available from the commercial banks as also from financial institutions like NABARD, IDBI etc. Moreover, in order to facilitate generation of more resources for taking up long term developmental measures such as replantation, rejuvenation and modernization of tea factories, the tax exemption limit on the pretax profit of the plantations has been enhanced from 20%to 40% under Section 33 AB of the Income Tax Act in the Budget 2001-2002.